

## Message Text

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15

ACTION EA-13

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 PM-03 L-02 AID-10 IGA-01 DRC-01 EB-03

/066 W

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R 131145Z MAR 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 5347

SECDEF WASHDC

INFO JCS WASHDC

CINCPAC HONOLULU HI

C O N F I D E N T I A L PHNOM PENH 3733

LIMDIS

E.O. 11652: GDS

TAGS:

SUBJECT: POSSIBLE MISAPPROPRIATION OF AVGAS 115/145

REF: A. MEDTC 121233Z MAR 74 (NOTAL)

B. AMEMB PP 121345Z MAR 74

1. REF A REQUESTED AUDITOR ASSISTANCE. REF B INDICATED  
POSSIBILITY OF MISAPPROPRIATION OF AVGAS 115/145 AND  
INDICATED DATA WOULD BE PROVIDED BY SEPTTEL.

2. THE FOLLOWING BACKGROUND INFORMATION APPLIES:  
A. ON 31 DECEMBER 1973 MEDTC DISPATCHED A LETTER TO THE  
FANK AC OF S, LOGISTICS, DEFINING THE BULK POL ALLOCATIONS BY  
MAP CAMBODIA TO FANK FOR EACH MONTH FOR JANUARY 1974 THROUGH  
JUNE 1974. THE TOTAL ALLOCATION OF AVGAS 115/145 TO THE KHMER  
AIR FORCE FOR THIS PERIOD WAS DEFINED AS 8900 CUBIC METERS.

B. TITLE TRANSFER OF AVGAS FROM U.S. TO FANK TAKES PLACE  
IN VUNG TAI/NHA BE, RVN. ALL MILITARY AVGAS 115/145 IS  
RECEIVED INTO COMMERCIAL FACILITIES IN PHNOM PENH.

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SHELL CAMBODIA ADMINISTERS THE DISTRIBUTION OF MILITARY  
AVGAS 115/145 TO THE KHMER AIR FORCE.

C. ON OR ABOUT 19 JANUARY 1974 THE KHMER AIR FORCE TACTICAL AIR IMPROVEMENT PLAN DEFINED PROJECTED INCREASES IN FLYING HOURS AND SORTIE RATES FOR THE REMAINDER OF THE FISCAL YEAR. BASED UPON THESE PROJECTED FLYING HOURS AND CONSUMPTION PER FLYING HOUR TABLES A PROJECTED INCREASE IN AVGAS 115/145 CONSUMPTION WAS DEFINED. TO ALLOW FOR MAINTENANCE FUEL EXPENDITURES AND VICISSITUDES IN THIS PROJECTION A TEN PERCENT ADDITIONAL CONSUMPTION FIGURE WAS ADDED, AND THE TOTAL ESTIMATED OVERALL CONSUMPTION FOR THE PERIOD JANUARY THRU JUNE 1974 WAS INCREASED TO 10,700 CUBIC METERS.

D. PROJECTED FLYING HOURS FOR THE MONTH OF JANUARY DID NOT APPEAR TO WARRANT AN INCREASE IN THE ALLOCATION FOR THE MONTH. THE REPORTED BALANCE ON HAND IN MILITARY STORAGE FACILITIES AT THE KAF AIR BASES THROUGHOUT CAMBODIA AT 1 JANUARY 1974 WAS 518.2 CUBIC METERS, THE REPORTED BALANCE ON HAND AT 31 JANUARY 1974 WAS 383.1 CUBIC METERS. THE REPORTED DRAWDOWN FROM SHELL STOCKS FOR JANUARY WAS 2271 CUBIC METERS INDICATING A CONSUMPTION DURING THE MONTH OF JANUARY OF 2405 CUBIC METERS OF AVGAS 115/145.

E. FLYING HOUR FIGURES ARE COMPILED BY KAF AT THE END OF THE MONTH. THE FLYING HOUR FIGURES FROM AIR BASES OUTSIDE PHNOM PENH ARE USUALLY DELAYED AND AT TIMES INCOMPLETE WHEN THEY ARE INITIALLY REPORTED TO MEDTC.

F. UPON RECEIPT AND COMPARISON OF THE INITIAL JANUARY REPORT THE INCREASED CONSUMPTION DID NOT APPEAR WARRANTED.

G. A FURTHER ESTIMATE WAS MADE OF FLYING HOURS FOR THE PERIOD 1-20 FEBRUARY 1974. ON 22 FEBRUARY SHELL SUBMITTED DRAWDOWN FIGURES BY KAF FOR THIS PERIOD. THE QUANTITY OF AVGAS CONSUMED BY KAF DURING THIS PERIOD, 1-20 FEBRUARY 1974, WAS 1911 CUBIC METERS. ESTIMATES OF KAF FLYING HOURS BY MEDTC PERSONNEL DID NOT APPEAR TO WARRANT THIS EXPENDITURE.

H. COMPARISONS AND TABULATIONS OF FIGURES WERE CHECKED  
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BY MEDTC AND A MEETING WAS HELD WITH SHELL AND TELAKHMER REPRESENTATIVES TO DISCUSS AND VALIDATE COMPUTATIONS. APPROACHES TO CONTROL DRAWDOWN WERE DISCUSSED WITH SHELL AND IT WAS SUGGESTED BY THE SHELL REPRESENTATIVE THAT THE DIRECTIVE FOR SHELL TO LIMIT DISTRIBUTION OF AVGAS 115/145 TO KAF SHOULD COME FROM GKR MINDEF.

I. A STUDY WAS PREPARED, FORMALIZING FINDINGS AND A LETTER WAS DRAFTED FROM CHMEDTC TO THE MINISTER OF DEFENSE. A COPY OF THIS STUDY WAS PRESENTED BY MEDTC TO KAF AND WAS DISCUSSED IN

A ROUND TABLE MEETING WITH SHELL, KAF AND MEDTC PERSONNEL ON 28 FEBRUARY 1974. KAF WAS REQUESTED TO PROVIDE ANY CONFLICTING DATA TO MEDTC BY 2 MARCH 1974. WHEN NO DATA WAS RECEIVED ON 2. MARCH, A CHMEDTC LETTER TO THE GKR MINDEF ENCLOSING THE STUDY WAS DELIVERED. THIS LETTEVH REQUESTED THAT THE MINDEF DIRECT SHELL NOT TO ISSUE MORE THAN 1500 CUBIC METERS OF AVGAS 115/145 TO KAF WITHIN ANY MONTH UNLESS SPECIFICALLY AUTHORIZED BY CHMEDTC.

J. CONTINUED LIAISON WITH SHELL, KAF, AND AIDES TO THE MINDEF BETWEEN 3 MARCH AND 11 MARCH PROVED TO NO AVAIL IN PRODUCING ANY SUCH DIRECTIVE OR ANY MITIGATING OR CONTRADICTIONARY INFORMATION.

K. WHEN DRAWDOWN FIGURES FOR THE FIRST WEEK IN MARCH BECAME AVAILABLE ON 12 MARCH 1974 AND INDICATED THAT KAF HAD DRAWN 728 CUBIC METERS OF AVGAS, CHMEDTC IMMEDIATELY CALLED THE MINDEF, EXPLAINED THE NEED FOR SUCH A DIRECTIVE AND DEMANDED AN ACCURATE ACCOUNTING FOR THE EXPENDITURE OF AVGAS 115/145 FOR THE PERIOD 1 JANUARY THRU 20 FEBRUARY. AFTER CONSULTATION WITH CHARGE, CHMEDTC CALLED MINDEF AGAIN ON 12 MARCH AND INFORMED HIM THAT: AN AUDIT WILL BE REQUIRED BY AN U.S. EXPERT; ALL RECORDS PERTAINING TO AVGAS TRANSACTIONS WILL BE IMPOUNDED; AND IF THE AUDIT PROVES MISAPPROPRIATION, MAP ASSISTANCE MAY BE AT RISK.

L. A LETTER DICTATING THE PROVISIONS OF PARA 2.I. ABOVE WAS DISPATCHED BY MINDEF TO SHELL CAMBODIA ON 12 MARCH 1974.

4. ALLOWING FOR INCOMPLETE AND/OR UNTIMELY REPORTING BY KAF, THE UNWARRANTED EXPENDITURE OF AVGAS DURING THIS PERIOD APPEARS  
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TO BE BETWEEN 1000 AND 2000 CUBIC METERS.

5. THE COMPLEXITY AND APPARENT INCOMPLETENESS OF THE KAF ACCOUNTING SYSTEM AND THE LIMITATION OF MEDTC PERSONNEL NECESSITATE THE REQUEST FOR AUDITOR ASSISTANCE.

6. WILL KEEP YOU INFORMED.  
ENDERS

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SUPPLIES, CONSUMPTION, ARMED FORCES, MILITARY ASSISTANCE PROGRAMS, JET FUEL  
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**Draft Date:** 13 MAR 1974  
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**TAGS:** MASS, AAUD, US, CB  
**To:** STATE  
**Type:** TE  
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